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Monthly Economic Survey April 2008

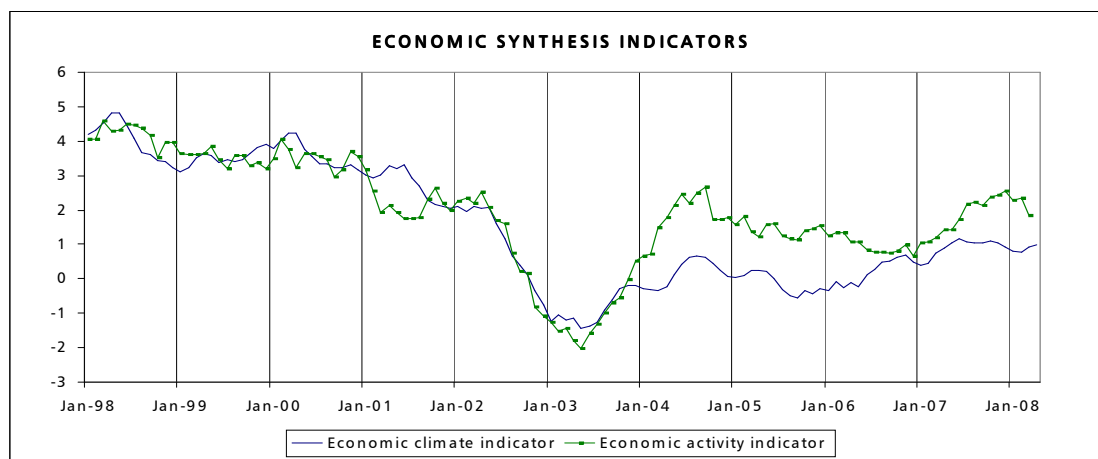
GDP slows down in the first quarter mainly due to a deceleration in investment and in exports.

Accordingly to the flash estimate recently published by EUROSTAT, the Euro Area (EA) GDP in the 1st quarter was 2.2%, the same value as in the previous quarter. This figure reflects a heterogeneous behaviour of the EA main economies, with an acceleration in Germany, a stabilization in France and a slowdown in Spain¹. Weighted by the Portuguese exports structure, the GDP of the main customer countries might have decelerated 0.3 p.p. to 2.5%. In April the EA economic sentiment and the consumer confidence indicators maintained the downward movement started in August.

On the domestic side, the GDP flash estimate for the 1st quarter points to a year-on-year growth rate of 0.9%, 0.9 p.p. less than in the previous quarter. This slowdown might be connected to a less dynamic internal demand, mainly of investment, and to calendar effects (3 more working days in the 4th quarter of 2007 and 1 less in the 1st quarter of 2008 comparing with the same quarters a year before). The private consumption growth might have stabilized in the 1st quarter, due to the non-durable consumption acceleration and to the durable consumption deceleration. The investment indicator suggests a significant deceleration in the 1st quarter that might have resulted primarily of the construction component. In the international trade, in nominal terms, imports and exports decelerated in the 1st quarter, more intensely in the second case (-0.8 p.p. to 11.2% in imports and -1.2 p.p. to 4.6% in exports). Given the strong acceleration of oil prices in the 1st quarter, the slowdown of volume imports might have been more significant than in nominal terms. The supply side indicators, as the turnover and production indices, recorded lower year-on-year change rates in the 1st quarter of 2008 in relation to the 4th quarter of 2007. This evolution is mostly connected with the strong reductions registered in the year-on-year change rates in March, what might be associated in part to calendar effects (one more working day in February and two less in March than in the same months of 2007). The retail turnover index, however, is an exception, having registered an acceleration that might be connected with the fact that Easter in 2008 was in March while in 2007 had been in April.

In April, year-on-year inflation was 2.5%, 0.6 p.p. less than in the previous month. The EA Harmonized Index of Consumer Prices (HIPC) and the Portuguese HIPC registered a larger differential in April (0.8 p.p.).

The unemployment rate was 7.6% in the 1st quarter, 0.8 p.p. less than in the 1st quarter of 2007. Employment had a year-on-year growth rate of 1.1%, 0.2 p.p. more than in the 4th quarter of 2007.



Report based on information available up to May 19, 2008.
Next report will be released on June 20, 2008.

NOTES: With exception of situations duly identified, the values presented in tables and graphs and others that also serve for the analysis are, in the case of quantitative series, year-on-year rates of change (y.r.) under three-month moving average (3-mma) or, in the case of qualitative series, 3-mma of seasonally adjusted values (s.a.) or of effective values (e.v). Annual information correspond to 12-mma, with the exception of variables presented as y.r. on stocks, where the annual value corresponds to the variation of the balance at the end of the year. Annualised variation (a.v.). Weight (w.). Balances: differences between the percentage of respondents giving positive and negative replies.

¹ The flash estimates for these countries include a working-day correction, which is not the case for Portugal. EUROSTAT did not release GDP information for Italy.



		Year 2006	Year 2007	Quarter 1 2007	Quarter 2 2007	Quarter 3 2007	Quarter 4 2007	Quarter 1 2008	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08
International background															
GDP of customer countries	s.a.y.r.	3.3	3.0	3.2	2.9	3.1	2.8	2.5	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
GDP European Union	s.a.y.r.	3.1	2.9	3.3	2.8	2.9	2.5	2.4	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
GDP Euro Area	s.a.y.r.	2.7	2.6	3.2	2.5	2.7	2.2	2.2	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Industrial production index of customer countries	s.a.y.r./3-mma	3.1	2.8	3.2	2.7	2.9	2.4	2.0	3.1	2.8	2.4	1.9	2.1	2.0	-
Economic Sentiment Indicator in EU	ind/s.a.-3mma	107.5	110.8	111.2	113.6	111.4	107.1	101.8	110.3	108.4	107.1	105.2	103.1	101.8	100.1
Economic Sentiment Indicator in EA	ind/s.a.-3mma	106.3	108.4	109.4	111.0	108.7	104.3	100.5	107.0	105.3	104.3	103.1	101.8	100.5	99.0
Order books in industry of customer countries	balance/s.a.-3mma	-2.2	3.4	4.5	6.1	3.9	-0.8	-2.4	2.0	0.7	-0.8	-1.0	-2.5	-2.4	-3.5
Consumer confidence indicator in EU	balance/s.a.-3mma	-7.6	-4.2	-5.0	-2.5	-3.1	-6.2	-10.4	-4.1	-5.3	-6.2	-7.9	-9.2	-10.4	-11.0
Unemployment rate in EU	s.a/%	8.1	7.1	7.4	7.2	7.1	6.8	6.7	6.9	6.8	6.8	6.8	6.7	6.7	-
Harmonised index of consumer price in EA	y.r.	2.2	2.1	1.9	1.9	1.9	2.9	3.4	2.6	3.1	3.1	3.2	3.3	3.6	3.3
Production price index of supplying countries	y.r./3-mma	4.3	3.2	2.7	2.7	2.7	4.7	5.7	3.2	4.1	4.7	5.1	5.4	5.7	-
Crude oil price (Brent)	Euros	51.9	52.6	44.1	50.9	54.5	61.1	64.6	57.9	62.9	62.4	62.6	64.4	66.7	69.3
Crude oil price (Brent)	y.r.	18.2	1.4	-14.2	-8.1	-0.2	32.1	46.6	26.3	38.0	32.0	51.7	46.3	42.4	38.7
Economic activity															
GDP	y.r.	1.3	1.8	1.9	1.8	1.6	1.8	0.9	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Economic climate indicator	balance/3-mma	0.2	1.0	0.7	1.2	1.0	0.9	0.9	1.1	1.1	0.9	0.8	0.8	0.9	1.0
Economic activity indicator	3-mma	0.9	1.9	1.2	1.7	2.1	2.5	1.8	2.4	2.4	2.5	2.3	2.3	1.8	-
Total turnover index	y.r./3-mma	2.6	4.7	4.9	4.2	4.0	5.8	3.4	4.4	4.6	5.8	4.9	6.2	3.4	-
Manufacturing industry production index	s.a.y.r./3-mma	2.3	3.2	4.7	3.4	2.0	2.8	-0.1	2.9	2.3	2.8	0.9	1.6	-0.1	-
Production index in construction	s.a.y.r./3-mma	-6.6	-4.1	-7.2	-5.0	-3.4	-0.3	-2.7	-3.0	-2.8	-0.3	-1.1	0.1	-2.7	-
Retail trade turnover index (real)	y.r./3-mma	1.2	-0.1	0.9	-0.7	-0.2	-0.3	1.8	0.1	-0.2	-0.3	-0.1	1.2	1.8	-
Sales of passenger vehicles	y.r./3-mma	-5.8	3.7	-4.8	0.4	11.9	10.1	11.5	5.4	7.7	10.1	10.0	15.0	11.5	12.8
Consumption															
Consumer confidence indicator	balance/3-mma	-34.2	-35.2	-33.2	-32.9	-35.5	-39.2	-42.9	-36.8	-37.9	-39.2	-41.4	-42.5	-42.9	-41.8
Quantitative indicator of private consumption	y.r./3-mma	1.4	2.1	1.7	2.3	2.0	2.3	2.3	2.0	1.9	2.3	2.3	2.7	2.3	-
Indicator of non-durable consumer goods	y.r./3-mma	1.5	1.6	1.7	1.3	1.5	1.7	1.8	1.3	1.4	1.7	1.7	1.8	1.8	-
Indicator of durable consumer goods	y.r./3-mma	0.8	5.8	1.4	9.4	5.3	7.1	5.7	7.2	5.9	7.1	6.9	8.8	5.7	-
Vol. ind. consumption of passenger vehicles	y.r./3-mma	-3.0	6.2	-1.1	14.5	4.1	6.5	7.0	7.3	4.8	6.5	7.4	12.1	7.0	-
Investment															
GFCF indicator		-3.0	3.5	0.1	0.6	2.6	10.8	-1.6	1.0	4.2	10.8	5.8	3.5	-1.6	-
Cement sales	y.r./3-mma	-7.6	2.1	-1.9	-2.3	2.0	12.0	-	4.6	8.1	12.0	3.8	1.6	-	-
Sales of steel for concrete	y.r./3-mma	5.9	-5.9	-6.9	-3.9	-9.9	-2.9	-	-16.1	-18.0	-2.9	-3.2	-1.7	-	-
Credit for purchase of habitation	y.r./stocks	15.6	9.8	9.6	9.0	9.8	9.8	-	9.9	9.6	9.8	9.8	9.7	-	-
Licenses for construction of new habitations	y.r./3-mma	-6.8	-7.7	-8.8	-11.3	-4.8	-5.1	-12.3	-6.7	-6.1	-5.1	-9.6	-6.0	-12.3	-
Machinery and equipment indicator		2.7	4.6	4.1	4.0	5.1	5.0	4.5	5.2	5.4	5.0	4.6	4.3	4.5	4.4
Sales of light commercial vehicles	y.r./3-mma	-7.3	6.3	1.5	48.0	-17.5	-7.9	-18.0	-15.3	-12.8	-7.9	-10.4	-11.0	-18.0	-16.9
Sales of new heavy commercial vehicles	y.r./3-mma	12.9	6.2	2.7	-9.0	-19.8	92.9	19.0	-11.8	2.9	92.9	53.8	26.4	19.0	17.3
External demand															
External demand indicator in value	s.a.y.r./3-mma	12.9	4.3	4.3	2.9	5.8	4.1	-	5.4	5.4	4.1	4.9	6.0	-	-
External order books	balance/3-mma	-14.4	-3.6	-7.0	-2.0	-1.3	-4.0	-10.3	-1.3	-2.0	-4.0	-8.0	-9.7	-10.3	-10.0
Exports of merchandises in value	y.r./3-mma	12.4	8.8	13.5	9.8	6.3	5.8	4.6	5.7	6.1	5.8	5.1	8.0	4.6	-
Imports of merchandises in value	y.r./3-mma	8.1	7.4	3.5	6.6	7.3	12.0	11.2	7.8	10.3	12.0	12.4	14.4	11.2	-
Labour market															
Unemployment rate	%	7.7	8.0	8.4	7.9	7.9	7.8	7.6	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Employment	y.r.	0.7	0.2	0.2	-0.5	0.2	0.9	1.1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Unemployed registration along the month	s.a.y.r./3-mma	1.2	-6.5	-5.3	-3.8	-6.1	-10.7	-0.4	-6.8	-9.7	-10.7	-10.9	-5.4	-0.4	-
Unemployment expectations	balance/3-mma	43.8	42.2	40.5	40.4	42.7	45.3	46.6	44.0	44.7	45.3	46.6	47.8	46.6	45.2
Vacancies along the month	s.a.y.r./3-mma	3.6	13.7	15.1	3.0	11.4	25.7	-0.4	19.5	19.5	25.7	15.9	11.6	-0.4	-
Employment indicator (short-term statistics)	y.r./3-mma	-1.9	-0.4	-1.1	-0.8	-0.3	0.4	0.7	-0.1	0.1	0.4	0.6	0.6	0.7	-
Average declared wages	s.a.y.r./3-mma	3.5	3.5	3.6	3.5	3.7	3.3	3.7	3.6	3.9	3.3	3.3	3.2	3.7	-
Wage negotiation	av/3-mma	2.8	2.9	2.5	2.9	2.9	3.2	2.9	2.7	2.6	3.2	3.6	3.4	2.9	2.8
Prices and exchange rates															
Consumer price index	y.r.	3.1	2.5	2.4	2.5	2.2	2.7	2.9	2.6	2.8	2.7	2.9	2.9	3.1	2.5
Core inflation indicator	y.r.	2.0	1.9	1.6	1.9	2.0	2.2	2.4	2.1	2.2	2.2	2.4	2.4	2.4	2.2
Consumer price index - goods	y.r.	3.2	2.2	2.3	2.3	1.8	2.5	2.6	2.4	2.7	2.5	2.5	2.6	2.8	2.3
Consumer price index - services	y.r.	2.9	2.9	2.6	3.1	2.9	3.0	3.5	2.9	3.0	3.0	3.4	3.4	3.6	2.8
Manufacturing industry production price index	y.r./3-mma	4.6	2.5	1.6	1.7	1.7	5.2	7.2	2.5	3.9	5.2	6.1	6.5	7.2	7.2
Effective exchange rate index for Portugal	y.r.	0.2	0.8	0.8	0.7	0.6	1.3	1.6	1.2	1.4	1.2	1.6	1.5	1.8	-
Exchange rate euro/USD	y.r.	0.9	9.1	9.0	7.3	7.9	12.4	14.4	12.8	14.0	10.3	13.2	12.8	17.3	16.5
Exchange rate USD/euro	USD	1.256	1.371	1.311	1.348	1.374	1.449	1.500	1.423	1.468	1.457	1.472	1.475	1.553	1.575
Exchange rate euro/JPY	y.r.	6.6	10.4	11.3	13.2	9.3	7.9	0.8	10.2	7.8	5.6	1.4	0.2	0.9	0.5